

AMENDMENT NO. _____

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AMEND Senate Bill No. 2999*

House Bill No. 2948

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by deleting all language after the enacting clause and by substituting instead the following:

Section 1. Title.

This chapter may be known and cited as the "Property Owners' Improvement District Law".

Section 2. Legislative intent.

It is the intent and purpose of this chapter to authorize the formation of improvement districts by the unanimous approval of all owners of real property located in the territory to be included in the district if all the real property to be located in the district is owned by twenty-five (25) or fewer persons.

Section 3. Definitions.

As used in this chapter, unless the context otherwise requires:

- (1) "Board" means any board of commissioners appointed pursuant to this chapter;
- (2) "District" means any improvement district formed under the provisions of this chapter;
- (3) "Improvement" means any lands, structures, improvements, fixtures, and appurtenant equipment acquired, constructed, improved, or equipped by a district;
- (4) "Nearby municipality" means any municipality located within ten (10) miles of any boundary of a district;
- (5) "Person" means an individual, corporation, partnership, association, firm, or other entity recognized by law as having capacity to own real property in the State of Tennessee. As used in this chapter, person shall include a husband and wife owning property jointly;

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(6) "Land" or "real property" means all property subject to taxation for the purposes of this chapter;

(7) "County commission", "county executive", "county tax assessor", or "county clerk" means "circuit court", "circuit judge", "county tax assessor", or "circuit clerk" in the cases where the district contains lands in more than one (1) county.

Section 4. Construction.

The provisions of this chapter shall be liberally construed to accomplish the purposes of this chapter, and this chapter shall be the sole authority necessary to accomplish its purposes. To this end, it shall not be necessary to comply with the requirements of other laws in acting pursuant to this chapter to accomplish its purposes.

Section 5. Petition to form district.

(a) Upon the petition of all the owners of the record title as reflected by the deed records in the office of the Register of the pertinent county of real property in an all the real property of which territory is owned by ten (10) or fewer persons, it shall be the duty of the County Commission to:

(1) Lay off into an improvement district the territory described in the petition for the purpose of:

(A) Purchasing, accepting as a gift, constructing, or maintaining waterworks, recreational facilities, systems of gas pipelines, and sewers;

(B) Grading, draining, paving, curbing, and guttering streets and highways and laying sidewalks;

(C) Establishing, equipping, and maintaining rural fire departments; or

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(D) More than one (1) of such purposes; and

(2) Name as commissioners of the district the three (3) persons whose names appear in the petition, if the petition contains names, or, if not, three (3) individuals of integrity and good business ability.

(b) Portions of municipalities may be included in these districts if the portion of area located within municipalities shall be less than fifty percent (50%) of the area of the entire district.

(c) All districts shall be numbered consecutively or else shall receive names selected by the commission.

(d) If the commission does not act promptly in complying with the terms of this section, or of any other section of this chapter essential to the creation and operation of the district, it may be compelled to do so by mandamus.

(e)(1) If land in more than one (1) county is embraced in the proposed district, the petition shall be addressed to the circuit court in which the largest portion of the lands lie, and all proceedings shall be had in that court.

(2) Any notices in that event shall be published in newspapers published and having a bona fide circulation in each county in which the district embraces land.

(f) Any number of petitions may be circulated, and identical petitions with additional names may be filed at any time until the court acts.

Section 6. Hearing on petition and determination.

(a)(1) Upon the filing of a petition, it shall be the duty of the county clerk to present the petition to the county commission.

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(2) The Chairman shall thereupon set a date and time, not later than ten (10) days after the date of the presentation of the petition or at the next available County Commission meeting whichever is earlier, for a hearing, before the county commission, for consideration of the petition.

(b)(1) At the hearings it shall be the duty of the commission to hear the petition and to ascertain whether those signing it constitute all the owners of the real property to be located in the district.

(2)(A) If the commission determines that all the owners of the real property to be located in the district have petitioned for the improvement, it shall adopt a resolution laying off the district as defined in the petition and appointing the commissioners named in the petition if commissioners are named therein and are property holders in the district.

(B) If the commission finds that fewer than all the owners have signed the petition, it shall adopt a resolution denying the petition.

(c)(1) Any petitioner or any opponent of the petition may appeal from the resolution of the commission creating or refusing to create the district. However, appeal must be taken and perfected within thirty (30) days after the adoption of the resolution.

(2) If no appeal is taken within that time, the resolution creating the district shall be final and conclusive upon all persons.

(d)(1) The petition shall state the specific purpose for which the district is to be formed, and the resolution establishing the district shall give it a name which shall be descriptive of the purpose.

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(2) The district shall also receive a number to prevent its being confused with other districts formed for similar purposes.

Section 7. Board of commissioners generally.

(a)(1)(A) Within thirty (30) days after their appointment, the members of a board of commissioners shall take and file their oath of office with the county Register of Deeds for the county in which the District is located (if the District is located in two or more counties, in the county of largest residence), in which they shall swear to support the Constitution of the United States and the Constitution of the State of Tennessee, to discharge faithfully their duties as commissioners, and to not be interested, directly or indirectly, in any contract let by the board except upon the approval of all the owners of real property located in the district.

(B) Any commissioner failing to file this oath within this period shall be deemed to have declined the office and the county commission shall appoint some property holder as his successor, who shall qualify in like manner within a like time.

(2)(A) In case of a vacancy on the board, after the members have organized, the remaining commissioners shall select the successor.

(B) The person so selected shall qualify by taking the oath of office as prescribed for the original commissioners.

(b)(1)(A) The board shall organize by electing one (1) of its members chairman and another as secretary.

(B) The board may also employ such agents, servants, engineers, and attorneys as it deems best and fix their compensation and the compensation of the secretary.

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(2) The board shall also select some solvent bank or trust company as the depository of its funds.

(c) In addition to and not by way of limitation of the above powers, the board shall have the power to:

(1) Make and execute all contracts, leases, conveyances, and other instruments of the district;

(2) Join with any other political subdivision, municipality, district or government agency, either state or federal, in the acquisition, construction, maintenance, operation, and financing of any of the facilities, works, or operations authorized by this chapter or as to the performance of any of its functions;

(3) Establish rules and regulations for the transaction of the district's business and for the services, use, and right to use of its facilities or services, or both, or to effectuate any purpose of this chapter;

(4) Do all things incidental or auxiliary to the exercise of the express powers granted by this chapter; and

(5) Perform all actions useful to carry out the purposes of this chapter, unlimited by any express provision of this section.

(d) No member of the board shall be liable for any damages unless it shall be made to appear that he acted with a corrupt and malicious intent.

Section 8. Removal of board members.

(a) When the owners of two-thirds (2/3) in assessed value of the real property located within any district shall sign a petition stating that the petitioners believe it to be in the best

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interest of the district that the board, or any member thereof, be removed and shall file it with the county commission of the county in which the district is located, the commission shall set a date for a hearing thereon and shall give notice thereof by one publication in a newspaper of general circulation in the district at least ten (10) days before the date of the hearing.

(b)(1) The purpose of the hearing shall be to determine the sufficiency of the petition.

(2) Any property owner of the district may appear and present evidence either in support of or against the sufficiency of the petition.

(c)(1) If, after hearing the evidence presented, the commission shall determine that the petition is signed by at least two-thirds (2/3) in assessed value of the real property owners in the district, the commission shall forthwith adopt a resolution removing the member of the board in accordance with the petition.

(2) The vacancies thereby created shall be filled in the manner prescribed by law.

Section 9. Planning by board.

(a) The board shall form plans relative to the acceptance, purchase, or construction of the improvement.

(b) To that end, the board may employ such engineers, attorneys, and other assistants as it may find necessary and shall file copies of all pertinent reports and actions by its members with the county clerk.

Section 10. Purposes for which district organized.

Any district may be organized for any one (1) or more of the following purposes:

(1) To purchase, accept as a gift, or construct a waterworks system or betterments, improvements, and extensions to such waterworks system, either within or without the

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boundaries of the district if the property of the district will be benefited thereby and to operate and maintain any such waterworks system it may purchase, construct, or own;

(2) To purchase, accept as a gift, or construct, either within or without the boundaries of the district, if the property of the district will be benefited thereby, a sewage collection system or a sewage treatment plant, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection or treatment, purification, and disposal of industrial or domestic sewage;

(3) To open, grade, grain, pave, curb, gutter, or otherwise improve streets, roads, highways, and every other way, including viaducts and underpasses for passage and use of vehicles, either within or without the boundaries of the district, if the property of the district will be benefited thereby. Such purpose shall include the acquisition of rights of way by purchase or the exercise of the power of eminent domain as provided herein, and to maintain such streets, roads, highways, and every other way for passage and use by vehicles, lying within the boundaries of the district or beyond the boundaries of the districts if the property of the district will be benefited thereby;

(4) To build, purchase, or accept as a gift recreational facilities such as, but not limited to, parks, lakes, golf courses, playgrounds, clubhouses, stadiums, auditoriums, arts and crafts centers, folklore centers, interpretative centers, camping areas, green belt areas, and any other facilities to provide for the recreation and cultural needs of the owners of the lands within the district;

(5) To lay and maintain sidewalks;

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(6) To lay gas pipelines connecting with gas systems in nearby or adjacent municipalities;

(7) To build telephone lines to connect with the telephone system operating in nearby or adjacent municipalities; and

(8) To establish, equip, and maintain rural fire departments including construction of fire department buildings, and purchase of fire trucks, fire boats, and other fire fighting equipment.

Section 11 . Powers of districts generally.

(a) Any district, in aid to and furtherance of the purposes prescribed in Section 10, shall have the authority to hire managers and other employees and to pay their salaries incident to the operation and maintenance of any of the improvements authorized in this chapter. It shall also have the authority to acquire and purchase equipment and machinery incident to the operation and maintenance of such facilities and shall be further authorized to do any and all other actions which shall be deemed necessary in order to purchase, construct, accept as a gift, operate, and maintain any and all improvements authorized in this chapter.

(b) Any district shall have the power to sell or lease any improvement owned by it to any adjacent or nearby municipality, or district therein or another improvement district within or near the county, to public service corporations serving on behalf of the property owners of the district, or to any other corporation, organization, or person, and may make contracts with the inhabitants of nearby municipalities, or it may operate any such improvements and may connect any such improvement with the improvements, systems, and transmission lines of any municipality or other district, and with respect to sewers, may carry its sewers to any proper outlet within or without the district.

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(c) Any district may accept as a gift any or all of the improvements and facilities authorized in this chapter upon the assumption of the maintenance and operation of the improvement and shall have the authority to effect the assessment of benefits and to levy the necessary assessment against the assessment of benefits, as provided in this chapter, in order to provide the revenue for the costs of maintenance and operation.

Section 12. Corporate powers.

Each district shall be a body corporate with power to sue and to be sued, and it shall have a corporate seal.

Section 13. Power of eminent domain.

(a)(1) Subject to the approval of the County Commission, all districts organized under this chapter shall have the right of eminent domain in order that they may carry out the purposes of their creation.

(2) This right shall be exercised in the same manner as in the case of railroad, telegraph, and telephone companies, but without the necessity of making a deposit of money before entering into possession of the property condemned.

(b)(1) Subject to the approval of the County Commission, any district shall have the power of eminent domain for the purposes of:

(A) Condemning any water or sewer utility found within the boundaries of the district.

(B) Securing any lands or rights-of-way needed in making improvements to water or sewer systems owned and operated by that district.

(2)(A) The board of the district shall have the power to enter upon any private property for the purposes stated in subdivision (b)(1) of this section. If the person is damaged and the

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board cannot agree on the sum to be paid for the damages, the person aggrieved may file his petition in the circuit court of the county setting forth his grievance and asking compensation therefor, making the board a party defendant. The issues in the suit shall be made up as in other cases at law, and the cause shall be tried by a jury, unless dispensed with by the parties. The case shall be advanced on the docket so as to have precedence over all other causes. The judge of the circuit court may hold a special term at any time for the trial of the cause, giving ten (10) days' notice to the parties of the time of holding the special term. This notice may be in writing and shall be served on the parties as a writ of summons is directed to be served unless the notice is waived by the parties, or one of them.

(B) In case an agreement cannot be arrived at between the board of improvement and the owner of the property in relation to the damages claimed, the judge of the court, in vacation, may fix an amount to be deposited with some person, to be designated by the court, before the entering upon and taking possession of the property to be used and taken as provided in this section. Upon the amount required being deposited and certificate thereof filed in the cause, the work may proceed.

(C) If the District is located in two or more counties, the District shall seek the approval of the County Commission of the county of largest residence.

Section 14. Sale of land.

Any land that may be acquired by any district organized under this chapter may be sold by the board thereof for the price and on the terms it deems best.

Section 15. Priority of cases.

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All cases involving the validity of districts or the assessment of benefits and all suits to foreclose the lien or taxes shall be deemed matters of public interest and shall be advanced and disposed of at the earliest possible moment, and all appeals from them must be taken and perfected within thirty (30) days.

Section 16. Assessment of benefits and damages.

(a)(1) In the event that the board shall have voted to accept any offer of gift, shall have voted to purchase any improvement, or shall have voted to construct any improvement, it shall thereupon appoint an assessor to assess the benefits which will accrue to the real property; within the district from the acceptance of the gift of improvement, the purchase of the improvement, or the construction of the improvement.

(2) The assessor shall truly, fairly and impartially assess all benefits and damages that will accrue to the landowners of the district by reason of the acceptance, purchase, or construction of the proposed improvement. He shall thereupon proceed to assess the lands within the district.

(b)(1) The assessor shall inscribe in a book each tract of land and shall place in one column his valuation of each tract or parcel of land prior to the improvement, which may be marked "Assessed Value of Lands Prior to Improvements," and in another column he shall place what he thinks will be the value of each tract or parcel of land after the improvement, which may be marked "Assessed Value of Lands After Improvement."

(2)(A)(i) If the assessed value of land after improvements is greater than the assessed value of land before improvements, as assessed by the assessor for the District, then the

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difference between the two shall be the assessed benefits that will accrue to each tract by reason of the improvement.

(ii) If the assessed value of land, as assessed by the assessor of the District, after the improvement is acquired or made is less than the assessed value of land before improvements are acquired or made, as assessed by the assessor for the District, then the difference between the two shall be the assessed damages that will accrue to the particular parcel or tract of land by reason of the improvement.

(B) The assessor shall enter the assessment of benefits or damages opposite the description of each piece of property in appropriate columns, one of which may be marked "Assessed Benefits" and the other may be marked "Assessed Damages," and in another column the assessor shall show the estimate of the probable cost to the landowner, which may be marked "Estimated Cost."

(c)(1) The assessment shall embrace not merely the lands, but all railroads, tramroads, telegraph lines, telephone lines, pipelines, and other improvements on real estate that will be benefited by the acquiring or making of the improvement.

(2) No assessment shall apply against any pipelines or other improvements which are extensions of or connected to the pipeline distribution system or other improvements within any city adjacent to the district.

(d)(1) The assessor shall place opposite each tract the name of the supposed owner as indicated by the deed records, but a mistake in name shall not vitiate the assessment.

(2)(A) The assessor shall also assess the damages that will accrue to any landowner by reason of the proposed improvement, including all injury to lands taken or damaged.

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(B) Where the assessor returns no such damages to any tract of land, it shall be deemed a finding by him that no damages will be sustained.

(e) The assessor shall hold his office at the pleasure of the board, which can fill any vacancy in the position of assessor.

(f) Provided, however, all assessments set forth herein shall be submitted to and shall be reviewed and approved by the local County Tax Assessor before becoming effective for any purposes.

Section 17. Filing and notice of assessment - Hearing.

(a)(1) The assessment shall be filed with the county clerk.

(2)(A) The secretary of the board shall thereupon give notice of its filing by publication once a week for two (2) weeks in a newspaper published and having, a bona fide circulation in the county.

(B) This notice may be in the following form:

"Notice is hereby given that the assessment of benefits and damages of..... District Number.....has been filed in the offices of the County Clerk of.....County, and where it is open to inspection. All persons wishing to be heard on said assessment will be heard by the commissioners and the assessor of the district between the hours of 10 a.m. and 4 p.m., at.....in the City of....., Tennessee, on the....day of.....,19....

Secretary"

(b) On the day named in the notice, it shall be the duty of the commissioners and assessors to meet together at the place named as a board of equalization, to hear all

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complaints against the assessment, and to equalize and adjust it. Their determination shall be final, unless suit is brought in the chancery court within thirty (30) days to review it.

Section 18. Reassessment.

(a) The board may, not more often than once a year, require the assessor to reassess the benefits in the district as approved by the county tax assessor. However, in the event that the district shall have incurred any indebtedness or issued bonds, the total amount of assessed benefits shall never be diminished.

(b) The reassessment shall be made, advertised, and equalized in the same manner as provided in this chapter for making the original assessment.

Section 19. Assessment upon land of benefited owners.

(a)(1) The board of the district shall, at the same time that the assessment of benefits is equalized or at any time thereafter, enter upon its records an order which shall have all the force of a judgment, providing that there shall be assessed upon the real property of the district an assessment sufficient to pay the estimated cost of the improvement, with ten percent (10%) added for unforeseen contingencies.

(2) The assessment is to be paid by the real property in the district in the proportion to the amount of the assessment of benefits thereon and is to be paid in annual installments, as provided in the order.

(b) The assessment so levied shall be a lien upon all the real property in the district from the time it is levied, shall be entitled to preference over all demands, executions, encumbrances, or liens whenever created, and shall continue until such assessment, with any penalty costs that may accrue thereon, shall have been paid. Provided, however, with the prior

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written approval of the board of the district, the county Trustee shall release from the lien of the assessment any lot, block, or tract with respect to which the assessment shall have been paid or prepaid.

(c)(1) The remedy against the levy of assessments shall be by suit in chancery court.

(2) The suit must be brought within thirty (30) days from the time of notice that the levy was made, and on the appeal, the presumption shall be in favor of the legality of the assessment.

(d)(1) The board shall, promptly after entry of an order levying the assessment, publish once a week for two (2) consecutive weeks in some newspaper having general circulation in the district, a notice setting forth the order of levy and warning all persons affected thereby that it shall become final unless suit is brought to contest it within thirty (30) days of the date of first publication of the notice.

(2) No property owner shall be barred from contest of the levy within the thirty-day publication period.

Section 20. Interest on assessment.

The assessment of the benefits shall bear interest at the rate of ten percent (10%) per annum from the time it is equalized. However, the interest need not be calculated until it is necessary to do so to avoid exceeding the total amount of benefits and interest, or the interest may be first collected.

Section 21. Extension on and collection of assessments.

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(a)(1) When the board shall make the levy of assessments, it shall be the duty of the assessor to extend the amount levied and set it opposite each benefit assessed in a column marked "Annual Collection."

(2)(A) It shall be the duty of the County Trustee to extend the assessments annually upon the tax and assessment books of the county until the levy is exhausted.

(B) For his services, the Trustee shall receive a commission of one and one-half percent (1½%) of the amount so extended.

(b)(1)(A) It shall then be the duty of the tax collector of the county to collect each year the assessments extended upon the tax and assessment books along with taxes until the entire levy is exhausted.

(B) For his services in making the collections, the collector shall receive a commission of one and one-half percent (1½%).

(c)(1) County Trustees are authorized to employ additional deputies to do the increased work imposed by the terms of this chapter.

(2) They may pay the deputies salaries up to the sum of five thousand dollars (\$5,000) per annum. However, the salaries shall never exceed the receipts from the commissions allowed by this chapter.

(d) No property owner shall be required to pay the improvement assessments provided in this chapter as a prerequisite to paying his general taxes.

Section 22. Subsequent assessment levies.

(a) If the first assessment levied shall prove insufficient to pay the bonds, both the principle and interest, issued by the board on account of an improvement as provided in the

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chapter, as it shall become due and payable, the board shall, from time to time, make such further levies upon the property previously assessed for sums sufficient to complete the improvement and to pay such bonds and interest which shall be extended and collected in the same manner as the first levy. However, the total levy shall in no case exceed the value of the benefits assessed on the property with interest.

(b) The performance of the duties set forth in this section may be enforced by mandamus.

Section 23. Payment of assessments - Enforcement.

(a) All assessments levied under the terms of this chapter shall be payable in installments at the same time as county taxes are paid.

(b)(1) If any assessments levied by a board in pursuance to this chapter are not paid at maturity, the county tax collector shall report the delinquencies to the board of the district, which shall add to the amount of the assessment a penalty of twenty-five percent (25%).

(2) The board shall enforce the collection by chancery proceedings in the chancery court of the county in the same manner as real property ad valorem taxes are collected.

Section 24. Negotiable notes, bonds, or evidences of debt.

(a)(1) In order to meet preliminary expenses and to finance or refinance the cost of the improvements to be accomplished with cost incidental to the improvements and to the issuance of the bonds, the board may issue negotiable notes, bonds, refunding notes or refunding bonds, as the case may be, of the district and may pledge and mortgage all assessments of benefits to the district and all or any part of the profits of the district derived from its operation of any improvements of the district to the payment of such notes and bonds.

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(2) The board may also issue to the contractors who do the work negotiable evidences of debt to bear interest at the rates prescribed by the board and secure them in the same manner.

(3) As for the security for the payment of any such indebtedness, the members of the board may, by resolution, establish the rates for use of the improvements to be collected from the users of such improvements and may mortgage any or all of its property, including improvements.

(b)(1) Bonds and notes issued under the authority of this chapter shall bear interest at such rate or rates which may be variable, shall mature at such time or times (not to exceed forty (40) years from date of issuance), shall be payable, as to principal, premium, if any, and interest, at such places, within or without the State of Tennessee, shall be in such form, whether bearer or registered, shall be subject to such exchange privileges, shall be sold either at competitive public sale or at private negotiated sale, and shall have such other details as may be set forth in the resolution of the board authorizing their issuance.

(2) The resolution may provide for the execution and delivery of a trust indenture or like instrument by the board securing the bonds and for the execution and delivery of other writings pertaining thereto.

(3) The bonds, and coupons, if any, may be executed by the manual or facsimile signatures of the members of the board.

(4) No bond or note authorized by this chapter may be issued until the resolution authorizing the issuance of bonds or notes, together with a statement as of the beginning of the then current fiscal year, which statement shall show in detail the total outstanding bonds, notes,

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warrants, refunding bonds, and other evidences of indebtedness of the development district, together with the maturity dates thereof, interest rates, special provisions for payment, the project to be funded by the bonds or notes, the proposed method of sale, the current operating financial statement of the district and any other pertinent financial information, shall be submitted to the state director of local finance for review, and the state director of local finance may report thereon to the development district within fifteen (15) days from the date the plan is received by the state director of local finance and the state director of local finance shall immediately acknowledge receipt in writing of the proposed bond or note issue statement and information. The report thus received by the development district shall be published once in a newspaper of general circulation in the county of the principal office of the development district, and any other counties which it serves, during the week following its receipt. After receiving the report of the state director of local finance, and after publication of such report, or after the expiration of fifteen (15) days from the date the statement and information is received by the state director of local finance whichever date is earlier, the development district may take such action with reference to the proposed bond or note issue as it deems advisable. Such report of the state director of local finance shall also be made a part of the bond transcript.

(c) No provision of this section dealing with the review or approval of any bond or note issued by the state director of local finance, or other state agency, shall apply when the bond or bonds or other evidence of indebtedness of the development district are to be purchased or the loan is to be purchased or the loan is to be made by the Farmers Home Administration or any other direct lending department of the government of the United States.

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(d) Prior to the issuance of any note, bond, or evidence of debt as authorized by this Act, it must receive an investment grade rating by nationally recognized rating agency before debt can be issued. Provided, however, if in using its best efforts the District is unable to obtain a review of said instrument by a nationally recognized rating agency, then said debt can be issued only upon approval by the Office Of The Comptroller Of The Treasury of the State of Tennessee.

Section 25. Bonds -- Tax exemption.

Bonds, and the interest thereon, shall be exempt from all state, county, and municipal taxes, including income, property, and inheritance taxes.

Section 26. Payment of bonds and interest.

(a)(1) All bonds issued under the terms of this chapter shall be secured by a lien on all real property in the district.

(2)(A) The board shall see to it that an assessment is levied annually and collected under the provisions of this chapter, so long as it may be necessary to pay any bond issued or obligation contracted under its authority.

(B) The making of an assessment or levy and collection may be enforced by mandamus.

(b)(1)(A) If any bond, or interest thereon, is not paid within thirty (30) days after its maturity, it shall be the duty of any court of competent jurisdiction, on application of any holder of the bond or interest coupon so overdue, to appoint a receiver to collect the assessments and direct the assessor to reassess the benefits, if necessary.

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(B) The proceeds of the assessments and collections shall be applied, after payment of costs, first to overdue interest, and then to payment pro rata of all bonds issued by the board which are then due and payable.

(2)(A) The receiver may be directed, by suit, to foreclose the lien of the assessments on the real property.

(B) Suits brought by the receiver shall be conducted in all matters as are suits by the board as provided in this chapter and with like effect, and the decree and deeds therein shall have the same presumption in their favor.

(c) When all the sums have been paid, the receiver shall be discharged and the affairs of the district conducted by the board as provided in this chapter.

Section 27. Dissolution of district.

(a)(1) After all bonds, notes, or other evidences of indebtedness, plus all interest thereon, shall have been paid in full, then a district may, by unanimous vote of the board, be dissolved and all future levies and assessments canceled, the board relieved from further duties, and the surplus funds of the district distributed in accordance with the procedures set forth in subsection (b) of this section if title to and control of the facilities constructed by the district have been taken over or assumed by any political subdivision, municipal utility commission or agency, or any regulated public utility.

(2) The districts are authorized, at the discretion of the board, to enter into repair and maintenance agreements or contracts and to expend funds of the districts for these purposes.

(b)(1) In the event the board votes to dissolve the district under subsection (a), the board shall convert all assets into cash and shall first pay from such surplus funds all debts of the

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district, including any reasonable legal and other expenses incurred in connection with the dissolution.

(2)(A) The board then shall refund all remaining funds of the district, pro rata, to the property owners who hold title to the property in the district at the time the refund is made.

(B)(i) The pro rata refund to the property owners shall be made on the basis of the most recent assessment or reassessment of benefits on the parcels of property prior to dissolution and shall be in the same proportion that the assessed benefits of each individual parcel of property bears to the total of the assessed benefits of all the property in the district.

(ii) No property owner whose property is delinquent in any sum for district assessments, penalties, or interest, at the time the refund is made, shall be counted in calculating the pro rata distribution, or receive any portion of the refund.

(C) Within ninety (90) days after the distribution of the surplus funds has been completed, the board shall file a copy of the resolution of dissolution and a financial statement of the district, verified by all its members, in the office of the county clerk in the county in which the district is located.

Section 28. Lien for preliminary expenses.

(a) In case, for any reason, the improvement contemplated by any district organized under this chapter is not made, the preliminary expense shall be a first lien upon all the land in the district and shall be paid by a levy of an assessment thereon.

(b) The levy shall be made by the chancery court of the county and shall be collected by a receiver to be appointed by the court.

Section 29. Continued existence of district.

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If the petition for formation of the district provides therefor or the owners of real property in the district agree thereto, then a district shall not cease to exist upon the acquiring, construction, or completion of the improvement, but shall continue to exist for the purpose of preserving, maintaining, and operating the improvement, replacing equipment, paying salaries to employees, and performing any other functions or services authorized in this chapter. To this end, the board may, from time to time, make such additional levies based upon the assessment of benefits as may be necessary for these purposes. However, the amount of the total levies shall not exceed the assessed benefits and interest thereon.

Section 30. Systems turned over to municipality.

(a) In those cases where improvement Districts have been organized under this chapter or any consolidation of districts organized under this chapter with one another or with suburban or municipal improvement districts, either for furnishing of water or sewer services, or both, and all or any part thereof lies outside a municipality within the class affected by this chapter which desires to operate them as a municipal waterworks or a municipal sewer system, the boards of these districts, in order to secure more adequate service for the inhabitants within the districts, shall have the authority to turn over to the municipality the operation and maintenance of the systems.

(b)(1) The municipality may issue revenue bonds and fix the rates for the services and use the net revenues from the operation to pay the principal and interest and paying charges of its revenue bonds for payment and discharge of the outstanding bonds of the district.

(2) If the net revenues are not sufficient to prevent a default in the bonds or interest, an assessment sufficient to produce enough revenue to cure the default shall be levied on the

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assessments of benefits in the district and nothing in this section shall impair the rights of the holders of the outstanding bonds to demand and receive sufficient annual collections on the assessments of benefits to meet interest and principal payments as they become due.

Section 31. Consolidated systems authorized.

(a) Where there are contiguous or adjacent districts organized under this chapter or the municipal improvement district laws for either water or sewer services, or both, it shall be permissible for all or any two (2) or more of these districts, whether organized under this chapter, the municipal improvement district laws, or any combination thereof, to enter into a contract with each other for the joint operation, maintenance, improvement, enlargement, and betterment of their respective systems or of the consolidated system, to be paid for by charges for the services.

(b) Any such district which has paid its outstanding bonded indebtedness but which has not been turned over to the municipality for operation, may join in contracts for joint operation, and any facilities constructed by any districts outside their boundaries shall be included in the consolidated systems.

(c) These consolidated systems may borrow money to pay and discharge any outstanding bond issues and indebtedness of the districts joining in the consolidations and may borrow money also for improvement, enlargement, and betterment of the facilities of the consolidated systems.

(d) To accomplish these purposes, consolidated systems may issue negotiable bonds or notes evidencing the money so borrowed, to be secured solely by a pledge of the net revenues derived from the operation of the facilities, to bear interest at such rate or rates as prescribed by

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the boards of the district, and to mature at such time and places as the board shall decide best, to be sold at a competitive public sale or negotiated sale, to be issued with such terms of payment, call provisions, and interest rates as the board shall deem to be in the best interest of the inhabitants of the consolidated district.

Section 32. Connections outside district boundaries.

(a) All districts organized pursuant to the provisions of this chapter for the purposes of constructing waterworks, sewers, gas pipelines, or telephone lines shall have the authority to permit lands outside the boundaries of the district to connect to these improvements and transmission lines serving the lands with water, sewer, gas, and telephone improvements of the district and to make a charge for this privilege.

(b)(1) The commissioners of the district shall have the right to consent to or refuse to allow these connections within their discretion.

(2)(A) These connections shall be made on such terms as the commissioners may dictate. However, no lands outside the district shall be permitted to connect with the improvements of the district except on payment to the district of a sum equal to not less than the charge made against similarly benefited lands within the district.

(B) In case connections have theretofore been made without the payment of a charge for the connection, the district may refuse to allow service to the lands until permission for the connection is granted and the charge for the service is paid to the district.

Section 33. Annexation of lands outside district boundaries.

(a)(1) All districts organized under this chapter shall have the authority to permit lands outside the boundaries of the district to be annexed to the district.

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(2) Annexation shall be permissible only for the purpose of providing improvements to the property to be annexed for purposes similar to the purposes for which the district was formed or for which the district currently exists.

(b)(1) When persons claiming to constitute all of the owners of territory contiguous to any such district desire that the territory be annexed to the district, they may present their petition describing the territory to be annexed to the clerk of the county commission.

(2) The petition shall be accompanied by a resolution of the board of the existing district approving the annexation.

(3) The county commission shall then direct the clerk to publish for two (2) consecutive weeks, in some newspaper having general circulation in each county in which the district and the territory proposed to be annexed is located, a notice calling upon the owners in the district and the territory proposed to be annexed to appear before the county commission on the date and time and at the place named in the notice and show cause for or against the annexation.

(c)(1) On the day named in the notice, the county commission shall hear all persons who desire to be heard on the following questions:

(A) Whether the territory to be annexed to the district lies within the jurisdiction of the county commission;

(B) Whether all of the owners of real property in the territory sought to be annexed have signed the petition; and

(C) Whether a majority of the board of the district has approved the annexation by resolution of the board.

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(2) The findings of the county commission shall have all the force and effect of a resolution and shall be conclusive, unless, within thirty (30) days thereafter, suit is brought in the chancery court to review it.

(d)(1) The finding of the county commission shall be expressed as a resolution in case it is in favor of the petitioners.

(2) In that event, the territory sought to be annexed shall become a part of the district, and the improvements petitioned for shall be made by the commissioners.

(3) The commissioners shall make the assessment of benefits and levy the assessment for the improvements on the territory annexed under the provision of this section as if the territory were included in the original district.

Section 34. Improvement contractors.

As required by the Trustee on any bond sale and/or local subdivision regulations, all persons or companies involved in the construction of improvements within the District shall provide adequate completion bonds or there shall be adequate retainage to ensure that the improvements are delivered in a timely and workmanlike manner prior to the development plat being recorded and lots sold. The development plat may not be recorded if this is not complied with or until and unless all work has been completed and accepted by the local government and the Trustee.

Section 35. Severability.

The provisions of this law are hereby declared to be severable. If any of these sections, provisions, sentences, clauses, phrases or parts is held unconstitutional or void, the remainder of this ordinance shall continue in full force and effect.

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Section 36. Effective date.

This law shall take effect upon passage and signatures by the Governor, the public welfare requiring it.

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